



Indiana Membership Benefits Report

Year End 2016

Indiana

The Benefits of Membership

Credit unions generally provide financial benefits to members through lower loan rates, high savings rates, and fewer fees than banking institutions.

The Credit Union National Association (CUNA) estimates that Indiana credit unions provided \$147,989,679 in direct financial benefits to the state's 2,387,340 members during the twelve months ending December 2016.

These benefits are equivalent to \$62 per member or \$118 per member household ⁽¹⁾.

Estimated total benefits of credit union membership are calculated by accounting for differences in credit union and bank pricing. Specifically, average credit union savings account yields, loan interest rates and fees are compared to average bank savings account yields, loan interest rates and fees. The interest rate differences are then applied to respective average credit union loan and savings balances. Fee differences are weighted and applied to credit union non-interest income to obtain the total estimated benefits arising from fees.

The per-member and per-household benefits delivered by Indiana credit unions are substantial, but these benefits are *averages*. Mathematically, that means the total benefits provided are divided across all members (or all member households) - even those who conduct very little financial business with Indiana credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at a Indiana credit union will save members an average \$115 per year in interest expense compared to what they would pay at a banking institution in the state.

Further, loyal members - those who use the credit union extensively - often receive total financial benefits that are much greater than the average.

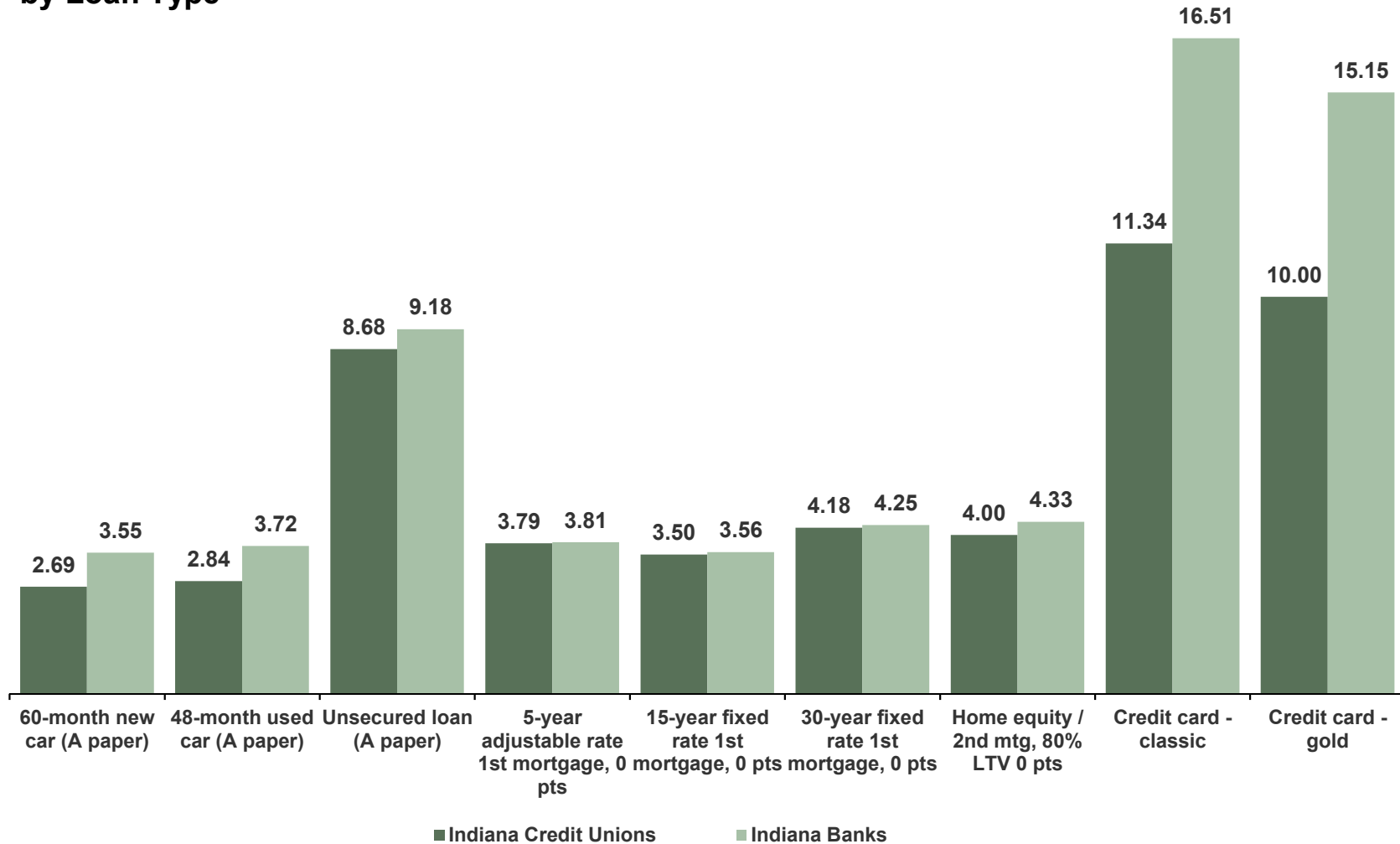
Indiana credit unions excel in providing member benefits on many loan and savings products. In particular, Indiana credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, personal unsecured loans, first mortgage-fixed rate, first mortgage-adjustable rate, home equity loans, credit cards loans.

Indiana credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.



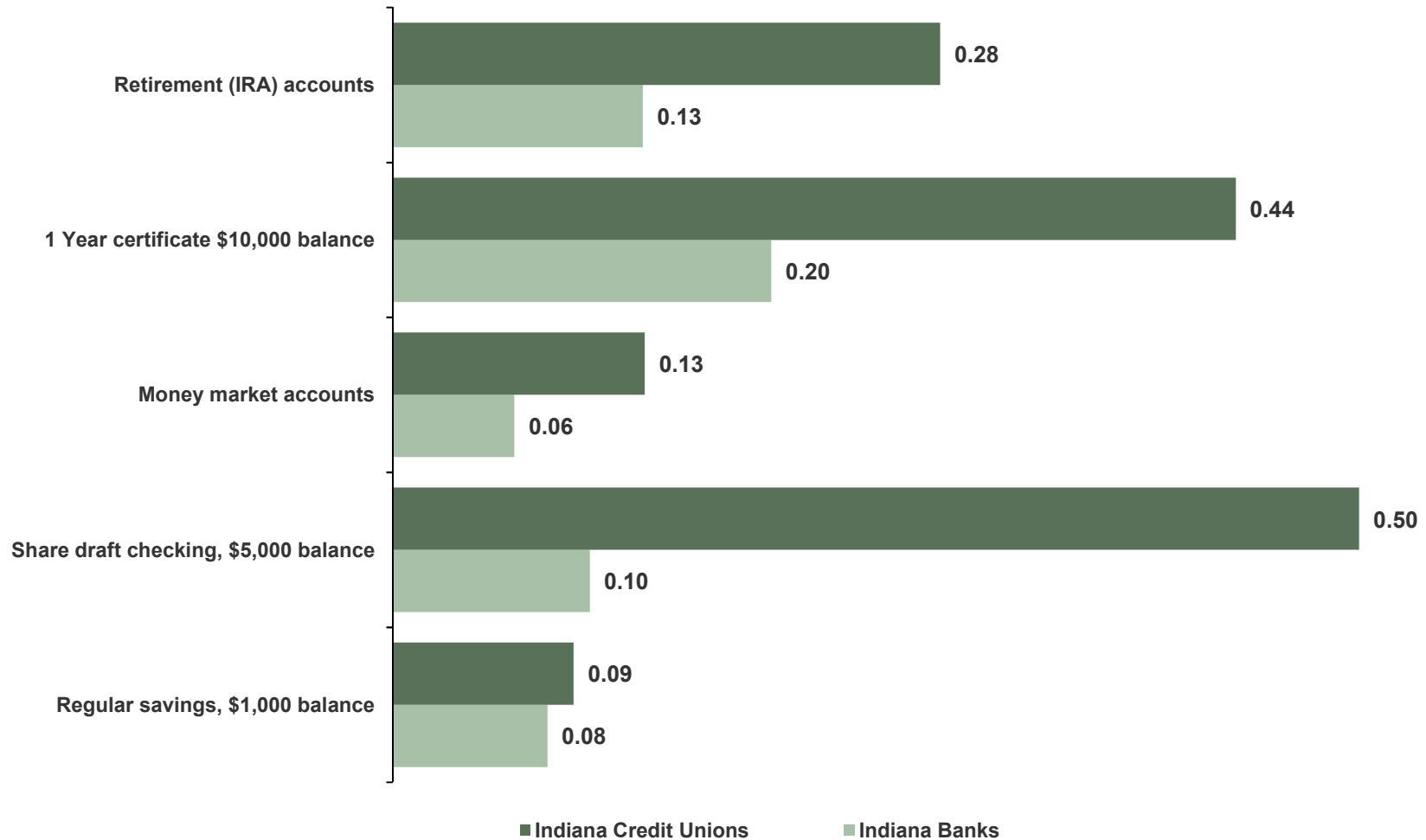
Loan Product Comparative Interest Rates (%)

by Loan Type



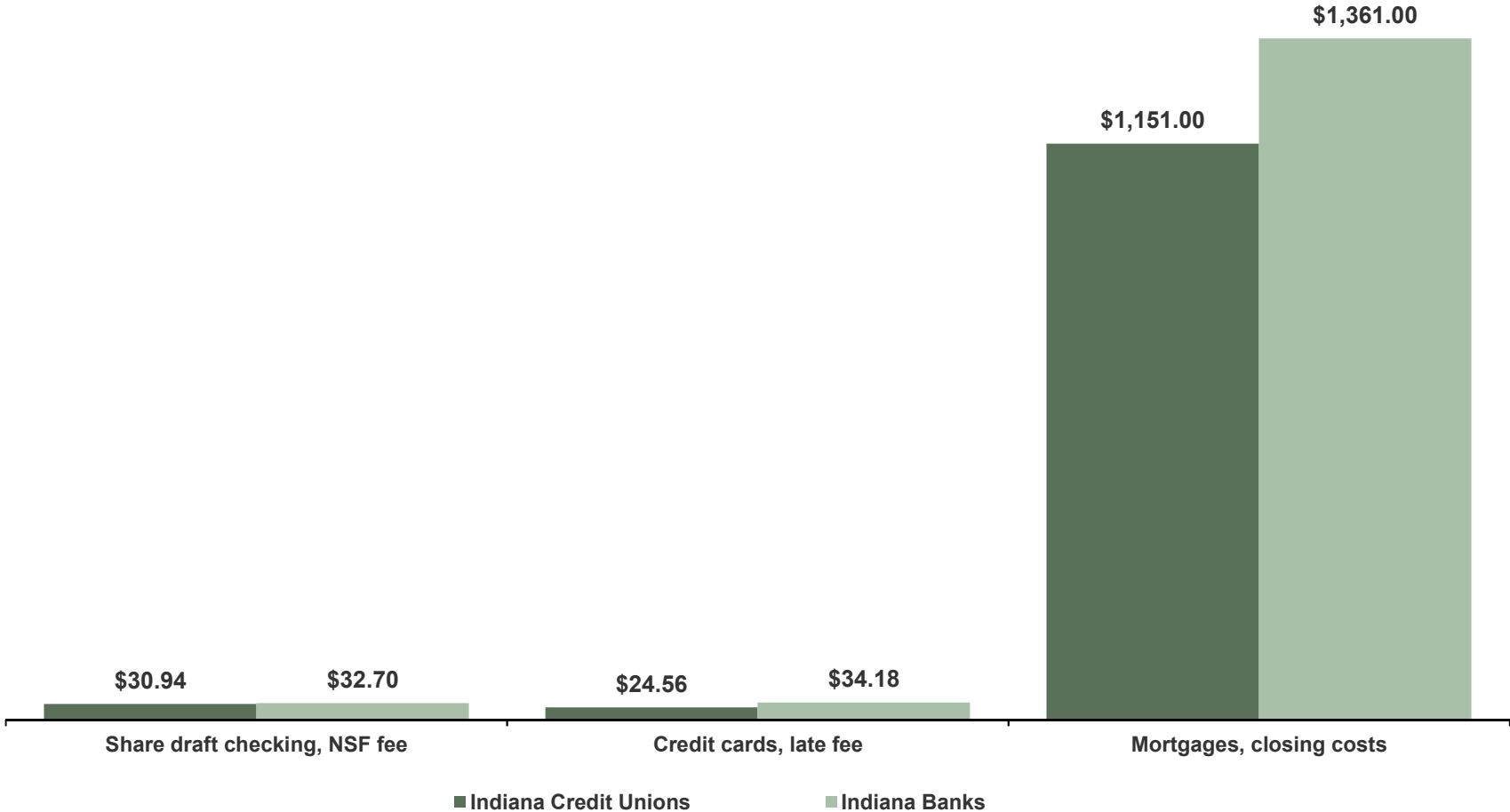
Savings Product Comparative Interest Rates (%)

by Savings Account Type



Comparative Fees

by Type



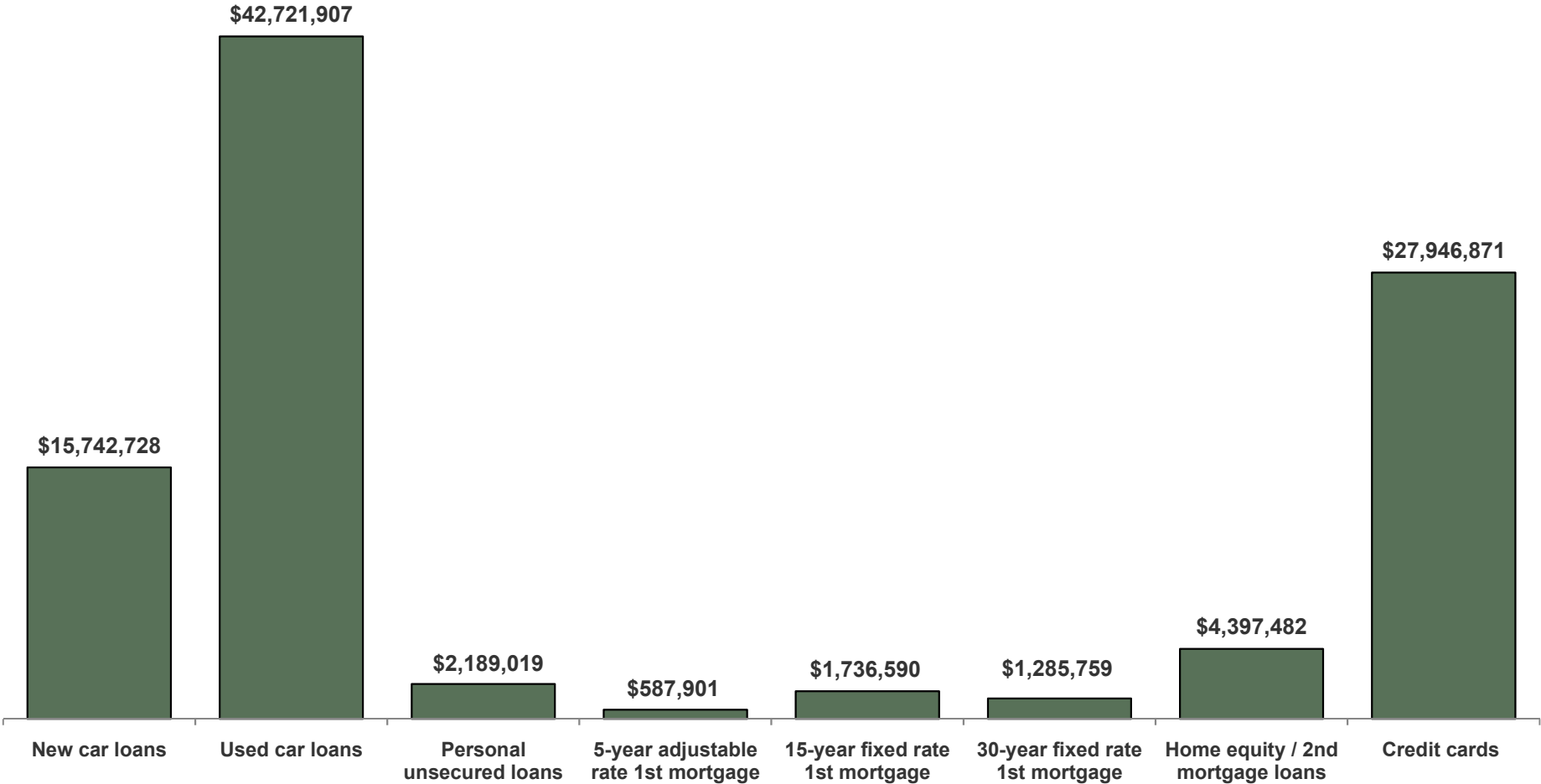
Indiana Credit Union and Banking Institution December 2016 Average Interest Rates and Fees

Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	2.69	3.55	-0.86
48-month used car (A paper)	2.84	3.72	-0.88
Unsecured loan (A paper)	8.68	9.18	-0.50
5-year adjustable rate 1st mortgage, 0 pts	3.79	3.81	-0.02
15-year fixed rate 1st mortgage, 0 pts	3.50	3.56	-0.06
30-year fixed rate 1st mortgage, 0 pts	4.18	4.25	-0.06
Home equity / 2nd mtg, 80% LTV 0 pts	4.00	4.33	-0.33
Credit card - classic	11.34	16.51	-5.17
Credit card - gold	10.00	15.15	-5.15
Savings Products			
Regular savings, \$1,000 balance	0.09	0.08	0.01
Share draft checking, \$5,000 balance	0.50	0.10	0.40
Money market accounts	0.13	0.06	0.07
1 Year certificate \$10,000 balance	0.44	0.20	0.24
Retirement (IRA) accounts	0.28	0.13	0.15
Fee Income			
Share draft checking, NSF fee	\$30.94	\$32.70	-\$1.77
Credit cards, late fee	\$24.56	\$34.18	-\$9.62
Mortgages, closing costs	\$1,151.00	\$1,361.00	-\$210.00

Source: Informa Research Services

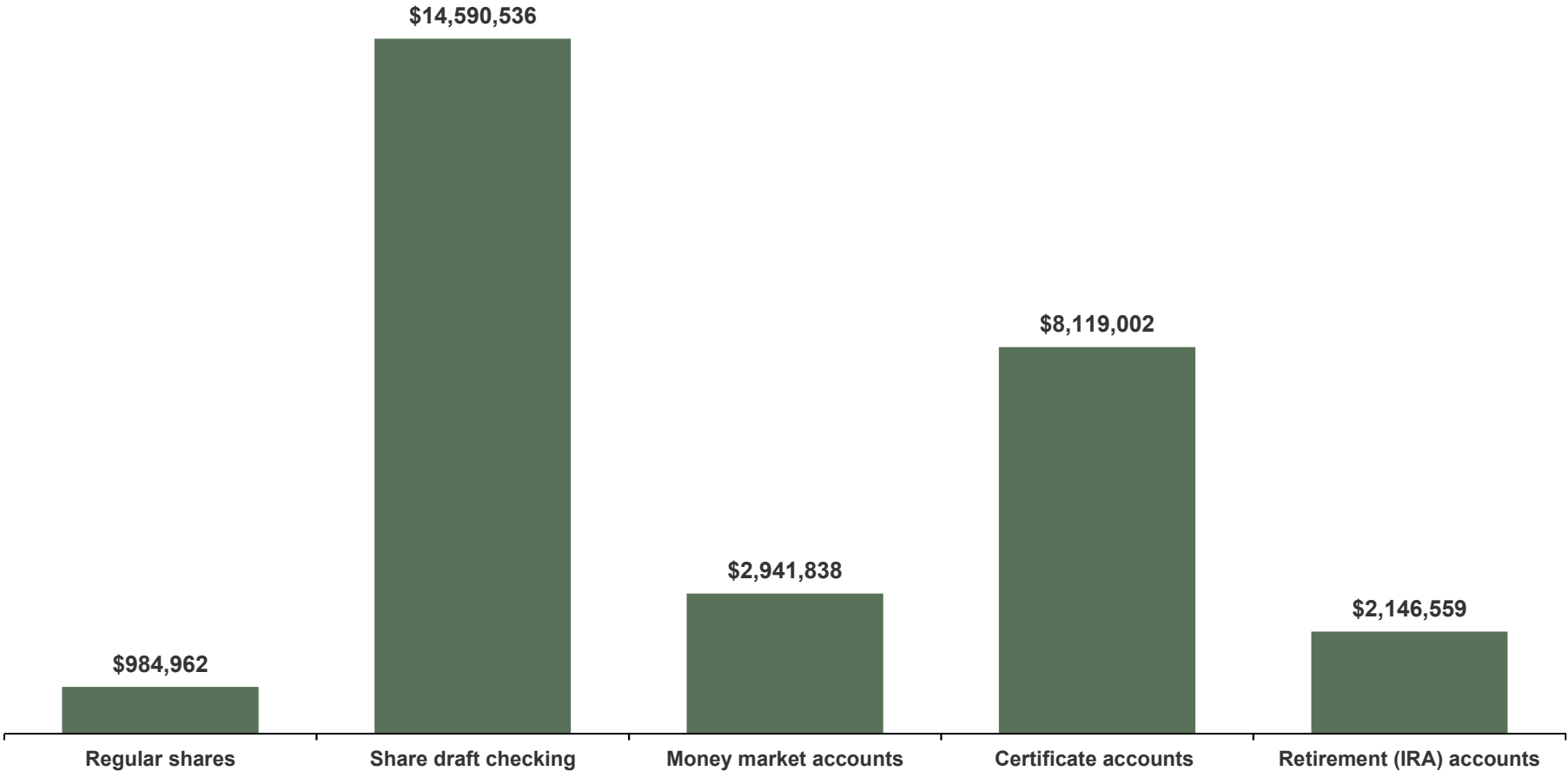
State Credit Union's Total Loan Rate Benefits

Compared to State Banking Institutions
by Loan Type



State Credit Union's Total Savings Dividend Benefits

Compared to State Banking Institutions
by Account Type



Estimated Financial Benefits for Indiana Credit Unions December 2016

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Indiana Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	1,830,549,806	-0.86	\$15,742,728
Used car loans	4,849,251,616	-0.88	\$42,721,907
Personal unsecured loans	435,192,614	-0.50	\$2,189,019
5-year adjustable rate 1st mortgage	2,351,605,983	-0.02	\$587,901
15-year fixed rate 1st mortgage	2,800,951,426	-0.06	\$1,736,590
30-year fixed rate 1st mortgage	2,008,998,741	-0.06	\$1,285,759
Home equity / 2nd mortgage loans	1,324,542,725	-0.33	\$4,397,482
Credit cards	541,081,718	-5.17	\$27,946,871
Interest rebates			\$1,387,220
Total CU member benefits arising from lower interest rates on loan products:			\$97,995,477
Savings			
Regular shares	7,245,244,907	0.01	\$984,962
Share draft checking	3,652,316,440	0.40	\$14,590,536
Money market accounts	4,346,813,014	0.07	\$2,941,838
Certificate accounts	3,366,307,610	0.24	\$8,119,002
Retirement (IRA) accounts	1,389,978,451	0.15	\$2,146,559
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on savings products:			\$28,782,897
Fee Income			
Total CU member benefit arising from fewer / lower fees:			\$21,211,304
Total CU member benefit arising from interest rates on loans, savings products and lower fees:			\$147,989,679
Total CU member benefit / member:			\$62
Total CU member benefit / member household:			\$118

Source: Informa Research Services, NCUA, and CUNA

(1) Average balance as of December 2015 and December 2016, according to the NCUA call report.; (2) Source for rates and fees: Informa Research Services;

Indiana Credit Union Performance Profile

Demographic Information	Dec 16	Dec 15
Number of branches	584	590
Total assets (\$ mil)	25,236	23,772
Total loans (\$ mil)	18,034	16,446
Total surplus funds (\$ mil)	6,110	6,340
Total savings (\$ mil)	21,228	20,029
Total members (thousands)	2,419	2,358
Growth Rates (Trailing 12 months) *		
Total assets	6.2 %	7.2 %
Total loans	9.7 %	10.3 %
Total surplus funds	-3.4 %	-0.1 %
Total savings	6.1 %	6.8 %
Total members	2.7 %	3.9 %
Earnings - Basis Pts. *		
Yield on total assets	324	322
Dividend / interest cost of assets	47	47
Fee & other income	161	158
Operating expense	353	348
Loss Provisions	28	24
Net Income (ROA) after stabilization exp	58	61
Capital Adequacy		
Net worth / assets	10.8	10.8
Asset Quality *		
Delinquencies / loans	0.6	0.6
Net chargeoffs / average loans	0.3	0.3
Total borrower-bankruptcies	30	27
Bankruptcies per 1000 members	2.0	1.8
Asset/Liability Management		
Loans / savings	85.0	82.1
Loans / assets	71.5	69.2
Long-term assets / assets	35.6	36.1
Core deposits/shares & borrowings	51.2	51.4
Productivity		
Members / potential members	7.7	8.3
Borrowers / members	51.3	50.3
Members / FTE	362	363
Average shares / members (\$)	8,775	8,492
Average loan balances (\$)	14,533	13,872
Salary & Benefits / FTE	63,117	61,080

* Earnings, net chargeoffs, and bankruptcies are year-to-date numbers annualized. Due to significant seasonal variation, balance sheet growth rates are for the trailing 12 months.